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## *Internet auction will help keep the lights on this winter*

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### **Bonneville Power Administration**

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**PORTLAND, Ore.** – The Bonneville Power Administration has launched an innovative Internet auction site that will help head off power shortages this winter.

When frigid weather is forecasted, BPA will bid for power by posting a price on an Internet Web site. Large customers who have signed up for the program can respond by simply turning off large power-using equipment. If they own backup generators, they can crank them up and generate electricity for their own facilities.

The agency has already lined up customers willing to offer a total of 125 megawatts of power reductions. These emergency curtailments will help reduce the risk of overloading BPA's generators and transmission lines. BPA officials expect to pre-qualify as much as 300 megawatts of participation by December 15, 2000 – about one-third the output of Bonneville Dam.

"The Northwest faces potentially severe power shortages this winter," said Judi Johansen, BPA administrator. "This program, along with all the Northwest's energy conservation efforts, could prevent that from happening."

John Hairston, manager of The Demand Exchange (DEMX) program, said BPA has teamed with Apogee Interactive, a software company, to build and operate an Internet-based auction site. Here is how it will work:

1. Participants would specify in advance how much power they could yield by turning off equipment or reducing the power they buy from BPA by cranking up their own backup generators. Participants include metals companies, paper manufacturers, large commercial customers and utilities with residential load curtailment programs.
2. Two days to two hours prior to a forecasted cold snap or power need, participants will be notified by telephone of an opportunity to sell their capability. They would log on to the DEMX web site and consider BPA's bid price.
3. BPA would aim to set a price that would produce a profit for the customer but come in under the expected spot-market price for electricity. The day before or the day of the cold-weather peak, BPA would confirm the participation of the customer.
4. On the day of the event, BPA, Apogee and the participant would monitor the amount of power curtailed. The customer would then be compensated at the rate bid by BPA.

Hairston said the purpose of the program is to reduce demand on the power system during periods of short capacity and high price, usually between 8 a.m. and 11 p.m. BPA is offering the program year-round, so it could be used during summer peaks as well as winter peaks.

Utilities in California and elsewhere have cycled residential water heaters on and off in response to demand. BPA has taken this concept and extended it to industrial and other large customers.

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